



Financial Forecast and Associated Risks

C/CAG Finance Committee
August 21, 2024





Summary of Discussion

01. Background
02. Financial Vulnerabilities
 - a. Short-Term Funding
 - b. Increased Costs
 - c. Smart Corridor Program Construction
 - d. Express Lanes JPA Loan Repayment
03. Discussion

Background

- Numerous financial challenges for C/CAG
 - Uncertain funding sources
 - Funding levels not matching rising staffing costs
 - Limited staffing capacity to pursue grants
 - Depletion of OBAG 3 funding
- Focus on development of strategies and solutions



Image source: https://viainvest.com/blog/wp-content/uploads/2019/03/budget_viainvest_blog_825x510.png

Short-Term Funding

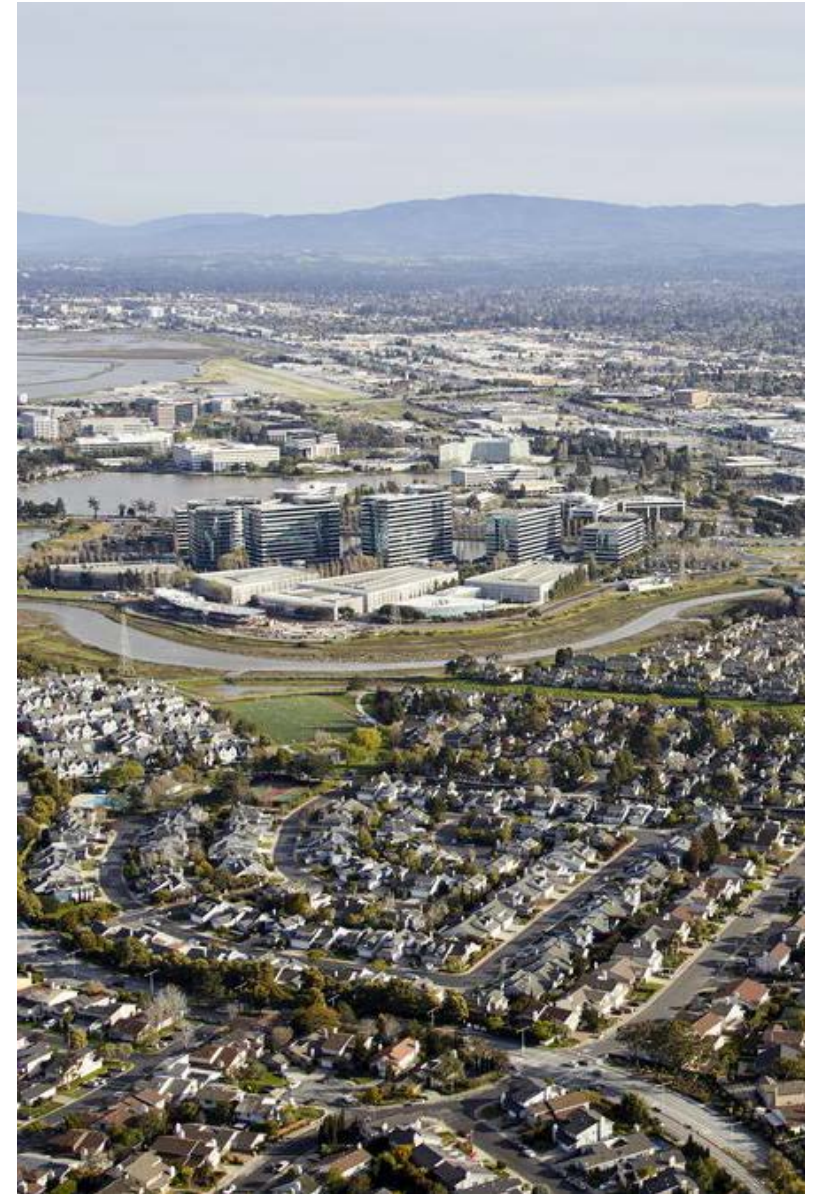
- FY 23/24 – 82% of staff funding from sources requiring regular approval
 - Creates uncertainty
 - Necessitates accumulation of reserve funds

Funding Source	Percent of Total Staffing Cost	Approval Frequency
Administrative Program	6.4%	Annual
Express Lanes JPA	16.3%	Annual
Transportation Fund for Clean Air	0.9%	Annual
Transportation	51.4%	Every 4 Years
Congestion Relief Program	6.5%	Every 4 Years
LGP Energy Watch	0.6%	Every 2-3 Years
Total	82.1%	



Increased Costs

- Staffing costs increase 8-10% annually
- Program assessments unchanged for 15 years
 - 2022 and 2024: Indexed to CPI up to 3%
- Federal and State funds relatively flat
- OBAG 3 funds depleted prior to end of cycle
 - \$1 million gap funded by C/CAG



Increased Costs

- Planning for OBAG 4 cycle underway
 - Reduction of funding expected
 - One-time COVID funding in OBAG 3
- Higher proportion of funding for planning activities
 - Less overall funding
 - Higher staffing costs
 - Less direct project delivery



Smart Corridor Construction Costs

- \$12.4M in funding or purchase agreements with cities for project completion
- \$10.3M in funding to be awarded for construction by September 30th
- Current bidding environment volatile; higher bids expected
- C/CAG proposing a \$350k change to Agency Budget for the project



Express Lanes JPA Loan

- \$2.7 million loan to EL-JPA
 - 16% of C/CAG operating budget
- Timing of repayments important to financial flexibility
- Analysis of options underway
- Return to Finance Committee



Committee Discussion



- Loan repayment
- Prioritization of limited resources
- Alternative funding sources
- Other areas of further study



Any Questions?

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